

Message Text

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ACTION EB-07

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TO SECSTATE WASHDC PRIORITY 7743

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E.O. 11652: N/A

TAGS: ENRG, CO

SUBJECT: COLOMBIAN ENERGY PLANS

REF: STATE 243724, BOGOTA A-83, A-116 CER 50470/88

1. COLOMBIAN ENEGY PLAVS AND PROJECTIONS ARE REPORTED IN A-116 WHICH SHOULD BE RECEIVED BY WASHINGTON SHORTLY.
 2. IN SPEECH MENTIONED IN REFTTEL, THE MINISTER OF MINES WAS OUTLINING HYPOTHETICAL CAPITAL REQUIREMENTS THAT WOULD BE NECESSARY TO ACHIEVE SELF SUFFICIENCY GIVEN RECENT HISTORICAL EXPERIENCE. THE GRAPHS FORWARDED WITH THE SPEECH ARE HYPOTHETICAL AND SHOULD NOT BE TAKEN AS PROJECTIONS THAT ARE BASED ON SOME GOVERNMENT DEVELOPMENT PLAN.
 3. PETROLEUM DEVELOPMENT PRIMARILY WILL BE THE RESULT OF EXPLORATION BY PRIVATE FOREIGN PETROLUM COMPANIES. THERE IS NT A PETROLEUM DEVELOPMENT PLANS AS SUCH, MERELY THE REASONABLE PROBABILITY THAT, GIVEN THE RECENTLY ESTABLISHED PRICES, INVESTMENT WILL BE MADE IN QUANTITIES LARGD ENOUGH, AND WITH RESULTS POSITIVE ENOUGH, SO THAT COLOMBIA WILL NOT FACE A SERIOUS PETROLEUM IMPORT PROBLEM AFTER 1985. ECOPETROL, THE STATE OWNED PETROLEUM COMPANY, WILL BE CONDUCTING EXPOLORATION BUT IT IS NOT IN A FINANCIAL POSSITION TO MAKE A MAJOR CONTRIBUTION TO PETROLEUM PRODUCTION. PROJECTIONS THAT SHOULD BE USED BETWEEN NOW AND 1985 ARE THOSE REPORTED IN THE RE-
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FERENCED AIRGRAMS.

4. THE ANSWERS TO THE OTHER QUESTIONS IN REFTEL BY
PARAGRAPH NUMBER ARE AS FOLLOWS:

4.5. THE PROJECTIONS PER WELL WERE BASED ON RECENT
EXPERIENCE, BUT COLOMBIANS DO NOT EXPECT TO DO AS WELL
IN THE FUTURE SINCE THE BEST PROSPECTS WERE DEVELOPED
FIRST. THE ASSUMPTIONS ARE CONTAINED IN THE MINISTER'S
SPEECH.

6. THE DECLINE CURVE IS 11 PERCENT AND WAS INCORPORATED IN
THE GRAPHS INCLUDED IN THE MINISTER'S SPEECH.

7. THE LAG IS ABOUT 3 YEARS FOR ESTIMATES OF NEW
OIL IN THE REGIONS OF THE COUNTRY ALREADY DEVELOPED, I.E.
PIPE LINES, INFRASTRUCTURE, ETC. FOR TOTALLY NEW AREAS,
6 TO 8 YEARS IS THE ESTIMATED LAG.

8. SELF SUFFICIENCY IS HYPOTHETICAL AND THE MINISTER
WAS REFERRING TO GROSS SUPPLY AND DEMAND FIGURES DEPICTED
IN THE GRAPHS ACCOMPANYING THE SPEECH. THE ACTUAL PRO-
JECTIONS FOR 1985 ARE AS FOLLOWS:

	1980	1985
(000) BARRELS		
CRUDE PRODUCTION	49,600	31,300
CRUDE CONSUMPTION	75,377.4P	100,440.4
IMPORTS	25,777.4	69,140.4
PRODUCT PRODUCTION	88,922	81,846
CONSUMPTION	55,43MT	89,725.1M
IMPORTS	-	7,879.8

10. PETROLEUM PRICES USED TO PREDICT DOLLAR IMPORT
LEVELS INCREASE 50 CENTS A YEAR AND REACH ABOUT \$18
A BARREL BY 1985.

11. PETROLEUM EXPLORATION WILL BE FINANCED PRIMARILY
BY FOREIGN INVESTMENT. PETROLEUM DEVELOPMENTS, ONCE
RESERVES ARE ESTABLISHED, WILL BE FINANCED IN ASSOCIATION
CONTRACTS WITH ECOPETROL.
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